

The **USACE BDCP Delta Program** FY2013

1. Background

During Mr. Rock Salt's (PD-ASA(CW)) visit to South Pacific Division (SPD) in May 2010, the Division was asked to "think differently" in pursuing solutions to and, in particular, budgeting for the California Bay-Delta. In response, SPD prepared a white paper (SOUTH PACIFIC DIVISION-PROPOSED SYSTEMS APPROACH TO CALIFORNIA BAY-DELTA PROGRAM DEVELOPMENT) detailing regional integrated, multi-benefit priorities to support the recently signed Interim Federal Action Plan (IFAP). Additionally, the SPD "crosscut budget" was reconstructed to coincide with the updated Federal process and to support the Administration's designation of the Bay-Delta as an "Ecosystem of National Significance." The highlight of these efforts was two of the four new project starts in the nation – Hamilton City and Yuba River Fish Passage. However, a number of the highest regional priorities did not survive the budget gauntlet.

While a combined Federal budget process has been integral to Federal work in the Bay-Delta since the 1994 signing of the CALFED agreement, the Little Hoover Commission reported in 2005 that CALFED is costly, underperforming, unfocused and unaccountable, illustrating a remaining need for improved coordination in the Federal family. Indeed, the sub-title of that report – Still Imperiled, Still Important – acknowledges a coordinated effort is essential. This paper and last year's paper continue to support an Integrated Water Resources Management (IWRM), multi-agency effort for enhancement of the Bay-Delta ecosystem through increased water supply reliability and improvements to the flood risk system infrastructure that provides water delivery and endangered species habitat connectivity. While the FY2012 paper presented the larger framework for the systems perspective and the complete USACE Bay-Delta program, this FY2013 paper provides the rationale for a prioritized subset of that larger program to include the projects and activities with highest priority to all federal agencies working to restore the Bay-Delta. Because this subset will largely achieve the desired goals of the IFAP while supporting the state of California through the development of the Bay-Delta Conservation Plan (BDCP), the FY2013 package is dubbed the FY2013 **USACE BDCP Delta Program**.

2. FY 2013 CEQ-OMB Budget Process

The PD ASA again has encouraged the region to submit a second justification for the regional budget priorities to align with the FY 2013 budget cycle. In addition, the Office of Management and Budget (OMB) and the Council on Environmental Quality (CEQ) have asked that the five action agency signatories of the IFAP regionally produce a prioritized, coordinated budget submission that "should include funding for activities and programs that advance the goals of existing and/or developing Administration priorities, as demonstrated through interagency plans, strategies, and frameworks." Even with OMB guidance, because each agency has its own process for budget development, interagency activities have proven difficult heretofore. In addition, while most other Federal agencies fund actions on a programmatic basis, Congressionally-authorized projects with local cost share requirements constitute the bulk of USACE activities. While the traditional crosscut budget has largely consisted of compiling each agency's individual list of projects into a single submission, this year provides a unique

opportunity to better prioritize, align and integrate individual agency capability into programs that will have long-term value for improving the Bay-Delta. Furthermore, improved Federal program alignment will likely improve Federal-State coordination in support of the BDCP. The coordinated OMB submission is expected to contain key Budget Priority Proposals (BPPs) which represent the combined critical activities drawn from existing plans or efforts that support the four broad goals in the IFAP.

3. USACE Integrated Water Resources Management

Although the BDCP and the IFAP support the stated co-equal goals of water supply reliability and ecosystem restoration, the Corps supports the FloodSAFE effort led by the CA Department of Water Resources, which recognizes that solutions for CA water issues involving the Bay-Delta must also include flood risk reduction. Although the phrase Integrated Water Resources Management (IWRM) can encompass different concepts, and has almost become jargon, the 2010 SPD white paper provides details of the SPD vision for an IWRM effort to support the BDCP and IFAP to include Flood Risk Management outcomes. The basic tenant of the SPD IWRM is that Bay-Delta solutions must not only consider the legal Delta, but also include the inputs to and the exports from the Delta. Since the inputs rely on the flood risk infrastructure, a system that Resource Agencies consider inadequate to sustain critical habitat, any advancement toward the co-equal goals will likely require improvements to that system. In addition, reducing the demands on exports could alleviate some of the tension related to environmental flow requirements. Finally, a truly integrated effort will require a combined and coordinated effort, not only with the Federal IFAP Agencies, but also state and local agencies.

4. Long-term Financing/ Adaptive Asset Management

In spite of the Little Hoover Commission report conclusions, over the past 15 years the CALFED Science Program has improved our understanding of the Bay-Delta. Nonetheless, it is imperative that activities supporting the IFAP and BDCP begin to deliver solutions that address the broad spectrum of challenges. These solutions should be cost-effective, generate multiple outputs for ecosystem health, water supply reliability and reduced flood risk. Higher priorities should be determined not only by multiple outputs, but should also reflect the value of more holistic long-term solutions. Although the Federal budget process has been referred to as a “Groundhog Day” exercise – that moniker reflecting the popular movie where each new day repeated and where lessons learned from previous days were unknown to all but one participant – long-term solutions, especially in a limited resource environment, can only be developed by considering more than an annual budget cycle. Perhaps even more important is consideration of an adaptive asset management framework where project efficacy and reliability is continuously monitored to ensure limited Federal funds still deliver intended results, thus assessing budget requirements over the span of several years.

5. Capturing Multiple Outputs Under USACE budget process

Although the Administration supports interagency programs for the Ecosystems of National Significance, current USACE business line rules and budget metrics prioritize singular (primary business line) project benefits over multiple, system wide benefits. With the number of individually budgeted projects in USACE, it is impractical to pursue modification of the existing budget process to target Administration goals. Rather, USACE should consider some

integration process across the Navigation, Water Supply, Ecosystem Restoration, and Flood Risk Management business lines, or a combined program such as that proposed in the FY2013 USACE BDCP Delta Program, to encourage communication at all levels of the agency. The internal USACE process should also prioritize activities according to the perceived value of USACE activities to other agencies to meet the intent of the OMB guidance. One of the new reconnaissance starts last year for example, Yuba River Fish Passage, is strongly supported by Federal and state Resource Agencies, specifically National Marine Fisheries Service, agencies that support their own coordination activities using programmatic funds.

6. Shared Vision Planning

The Federal legacy is existing agency budget processes that still remain isolated from other agency efforts, and continue as a “Groundhog Day” exercise. The FY 2013 OMB guidance provides the mechanism to break from that legacy. Although most agencies are deep into the FY 2013 budget development, there still remains time to meet the intent of the guidance. However, as last year’s IFAP Water Conservation and Recycling Workshops highlighted, the cultural differences between the Federal IFAP Agencies inhibit effective and efficient collaborative activities. While the cultural gap was narrowed, SPD believes that a Shared Vision Planning (SVP) effort to support the development of the Bay-Delta BPPs would make this year’s process more collaborative, but more importantly, begin to develop a regional framework for ongoing multi-year efforts. The basic premise behind SVP is to develop a common framework for capturing not only existing conditions, but for understanding proposed future work. For the FY 2013 BPPs, each Federal agency should understand the value of all projects, programs and activities under the IFAP in order to prioritize across the Federal family.

7. SPD USACE BDCP Delta Program FY 2013

For the FY 2013 budget, SPD continues to support the 40 projects included in the FY 2012 CALFED Crosscut Budget, but prioritizes the **USACE BDCP Delta Program**, which is comprised of five projects and one coordination account as the highest regional priority. The five projects included in the **USACE BDCP Delta Program** are listed below with a brief summary. This **Program** amounts to a minor percentage of the total crosscut but will deliver dramatic system benefits to BDCP and the State along many dimensions. First, it captures full benefits from Flood Planning, Flood Capacity Expansion, Emergency Conveyance, Emergency Response Planning, Ecosystem Restoration, Water System Operations Optimization, Navigation, and Beneficial Reuse of Dredged Materials. Second, it captures and integrates the multiple relevant geographies critical to BDCP including the watershed system, sub-systems above rim dams, the Central Valley, the Legal Delta, and the Bay. Although the crosscut budget still contains projects that improve the Bay-Delta through demand reduction south of the Bay-Delta, the **USACE BDCP Delta Program** is focused on the key efforts that USACE believes offers the most value. The **USACE BDCP Delta Program** incorporates and links all types of Corps projects including coordination, analysis, recon study, feasibility studies, construction and operations. Finally, this **Program** will address concerns of, and as a result gain strong support from, many stakeholders including IFAP Federal agency partners, key State sponsors and partners, local agencies and Non-Governmental Organizations (NGO’s). The six activities embedded in the **USACE BDCP Delta Program** include:

- The *CALFED Coordination Account* continues to be an essential – and underfunded – program for supporting SPD, Sacramento (SPK), San Francisco (SPN) and Los Angeles (SPL) Districts efforts. This account falls under Remaining Items and was intended for staff to attend what used to be primarily regular CALFED meetings. With the passage of the 2009 CA legislative bills on the Bay-Delta, coordination now includes coordinating with many ongoing Bay-Delta groups and agencies including BDCP, the Delta Stewardship Council, and the Delta Conservancy.
- *Yuba River Fish Passage* – Two USACE navigation project dams and one Section 7 dam block access to the upper Yuba River watershed which resource agencies believe may provide the greatest benefit to Central Valley salmonids of any restoration project. Supported by NMFS and other resource agencies, water agencies and NGO's.
- *Central Valley Integrated Flood Management Study (CVIFMS)* – A watershed study that addresses water supply, flood risk management and environmental sustainability on a system wide basis, looking at reservoir reoperations, urban versus non-urban levee standards, channel capacity, and operation and maintenance standards specifically for the Central Valley. Supported by CA DWR.
- *Sacramento-San Joaquin Delta Islands and Levees Feasibility Study (DILFS)* – This study will develop the long-term strategy for Corps projects in the Delta region. It will assess ecosystem restoration opportunities; existing and future flood risks in the Delta, including strategic levee improvements, emergency operations planning, and operation and maintenance standards and sustainability; and opportunities for water supply and recreation needs.
- *CALFED Levee Stability Program* – The California Department of Water Resources, The Nature Conservancy and the U.S. Army Corps of Engineers are partnering on the McCormack-Williamson Tract project under this program to restore 1600 acres of floodplain habitat in the Bay-Delta, improving habitat function while providing improved flood risk management to surrounding islands, achieving multiple (and often times opposing) objectives and benefitting Federally listed species such as the Chinook salmon. Since the Levee Stability Program is a construction authority, this project can go quickly to implementation. Bacon Island, a vital part of the Emergency Fresh Water Pathway conveyance system, is a critical levee repair project that will improve flood risk management and protect the ecosystem in the Bay-Delta. In addition, USACE is authorized to develop a Bay-Delta Emergency Response Plan under this authority, which is being completed through a Memorandum of Agreement between USACE and CA DWR.
- *Pinole Shoal Management Study (Delta LTMS)* - A cooperative planning effort to coordinate, plan, and implement beneficial reuse of sediments in the Sacramento and San Joaquin River Delta (Delta). Five agencies (USACE, USEPA, CA DWR, California Bay-Delta Authority, and CVRWQCB) and other stakeholders have begun to examine Delta dredging, reuse, and disposal needs. The Delta LTMS will explore ways to coordinate and manage dredging, planning, regulatory approval, and implementation to protect and enhance Delta functions, ecosystem, and water quality.

SPD proposes packaging these six activities into a single item for consideration under the OMB guidance to develop BPPs. It is critical USACE (and others) abandon the individual Business Line, individual agency, project-by-project narrow focus and push toward true collaborative solutions. The **USACE BDCP Delta Program** FY2013 provides the opportunity for multiple benefits, and each enjoys the support of multiple agencies and numerous stakeholders.

References

South Pacific Division-Proposed Systems Approach To California Bay-Delta Program Development, June 2010

Interim Federal Action Plan for the California Bay-Delta, December 22, 2009

FY 2013 Budget Guidance Document – Ecosystems, America's Great Outdoors, and Oceans, Office of Management and Budget, June 29, 2011

The Little Hoover Commission's Review of the CALFED Bay-Delta Program, State of California, November 17, 2005